

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 PRS-01 SAM-01 /089 W

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P R 121442Z MAR 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 8769

AMEMBASSY LONDON

INFO AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY TOKYO

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PASS TO TREASURY, FEDERAL RESERVE, COMMERCE

FOR LONDON, PASS TO UNDER SECRETARY YEO

E. O. 11652: N/A

TAGS, EFIN, FR

SUBJECT: FOURCADE STATEMENT

1. IN AN EXCLUSIVE INTERVIEW ON EUROPE NR1 THIS MORNING BEFORE MARKETS OPENED, FINMIN FOURCADE STATED THAT "THERE COULD NOT BE A CLOSING OF FRENCH FOREIGN EXCHANGE MARKETS," AND THAT "THE WEAKNESS OF THE FRANC IS A CONSEQUENCE (OR REPERCUSSION) OF THE FALL OF STERLING."

2. FOURCADE OBSERVED THAT THE FALL OF STERLING IS A "PREOCCUPYING" PROBLEM BY ITS ECONOMIC CONSEQUENCES AS WELL AS ITS MONETARY CONSEQUENCES AND THAT THE RELATIONSHIPS BETWEEN THE ENGLISH AND THE MEMBER COUNTRIES OF THE EC MONETARY "SNAKE" WERE GOING TO BECOME LIMITED OFFICIAL USE

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STILL MORE DIFFICULT ON THE FOREIGN EXCHANGE MARKETS.

FOURCADE WENT ON TO SAY THAT WHAT HE HOPES AND WHAT HE HAS HOPED FROM THE BEGINNING IS THAT WE COULD FIND A WAY FOR STERLING AND THE LIRA TO RETURN TO THE "SNAKE" SO THAT THE SNAKE COULD BE TRULY AN EC MECHANISM SO THAT WE COULD GUARD AGAINST THESE SAVAGE VARIATIONS OF MONETARY PARITIES WHICH ARE ALWAYS VERY DANGEROUS IN A WORLD WHICH YOU KNOW IS UNSTABLE.

3. COMMENT: IT IS NOTEWORTHY THAT APART FROM DENYING FOREX MARKET CLOSING FINMIN FOURCADE DID NOT REPEAT IN ANY MANNER, EVEN BY INFERENCE, HIS EARLIER STRONG STATEMENTS REGARDING THE FRANC EXCHANGE RATE.
RUSH

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NNN

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